

Los Angeles Times

Oilman Calls for More Fuel Efficiency

Conoco CEO's remarks favoring conservation address a divisive issue in Congress. He and his peers push to open coastlines to drilling.

By Ronald Brownstein
Times Staff Writer

June 19, 2006

WASHINGTON — The chief executive of the world's fifth-largest oil company endorsed tougher fuel economy standards for cars and trucks Sunday, underscoring higher gas prices' potential to change the political equation on an issue that has long stalemated the capital.

"There's been enough finger-pointing for a long period of time that we need to improve the efficiency of transportation fuels," said James J. Mulva, chairman and chief executive of ConocoPhillips.

Mulva spoke during an unusual joint interview on NBC's "Meet the Press" with the chief executives of Chevron Corp. and Shell Oil Co.

Environmentalists are pushing for new votes in the House and Senate on higher fuel economy standards, which have been blocked for years by opposition from vehicle manufacturers and the United Auto Workers union.

"I think we have reached an important point in the debate when an oil executive calls for better fuel economy for vehicles," said Dan Becker, director of the global warming program of the Sierra Club.

"It's like a tobacco executive calling for reduced smoking. The shame is that the head of Conoco is far ahead of the Congress and the president."

The three executives appearing on "Meet the Press" defended the enormous profits the industry was raking in this year and pressed for increased access to domestic oil reserves barred to exploration because of environmental concerns.

"If we're going to be more independent, we're going to have to address the tough, tough question of, should we allow more oil and gas development here in this country?" said David O'Reilly, chairman and chief executive of Chevron Corp., the nation's second-largest oil company. "If we don't, then we're headed in the wrong direction."

In particular, O'Reilly urged increased exploration on the outer continental shelf, just off U.S. coastlines. Congress, fearing environmental damage, has placed most of those areas off-limits to drilling since the Reagan administration. But congressional Republicans have mounted a renewed drive to permit greater exploration for offshore oil and natural

gas.

The Chevron chief acknowledged that offshore drilling "is a very sensitive issue for the American people" but said technological advances had reduced the environmental risks that prompted the ban.

"Today's technology allows us to do it with much less of a footprint and in a much safer and environmentally sound way," he said.

Becker, whose group has resisted any effort to relax the restrictions on offshore drilling, said higher fuel economy standards would do much more than expanded exploration to reduce U.S. reliance on foreign oil. "Savings from more fuel efficiency dwarf those from new oil drilling and can happen much more quickly, and much more cheaply," he said.

John Hofmeister, president of Shell Oil Co., argued that attempting to achieve independence from foreign oil "is the wrong direction" because "the U.S. is not an island nation."

But, he added, the U.S. could increase its "energy security" by intensifying efforts to develop alternative sources, including "unconventional oil and gas such as the oil sands in Canada" along with "coal gasification" and renewable sources such as "wind, solar, biofuels, hydrogen."

Hofmeister and O'Reilly echoed the call for more substantial investment in alternative sources. But Mulva made the most pointed suggestion, calling for greater fuel efficiency from cars and trucks.

After the energy shocks of the early 1970s, Congress in 1975 required automakers to gradually increase the average fuel economy of their passenger cars to 27.5 miles per gallon by 1985. After reducing the standard in the late 1980s, the National Highway Traffic Safety Administration reestablished the 27.5-mile-per-gallon mandate in 1990.

Since then, the car companies, the unions and their allies in Congress have beaten back all attempts to legislate further increases in average fuel economy.

The last time the Senate voted on the issue, during consideration of the 2005 energy bill, a proposal from Sen. Richard J. Durbin (D-Ill.) to increase the standard to 40 miles per gallon by 2016 drew just 28 votes.

President Bush wants Congress to clarify his authority to raise the standard through regulation but opposes legislation mandating greater fuel economy. Senate Democrats, to the frustration of environmentalists, did not include a mandated increase in the party's recently released energy policy.

But Becker says a bipartisan Senate group led by Sen. Maria Cantwell (D-Wash.) will soon introduce legislation raising the standard to 35 miles per gallon over the next

decade. Reps. Sherwood Boehlert (R-N.Y.) and Edward J. Markey (D-Mass.) are seeking a vote on a similar proposal in the House.

Mulva, during his NBC appearance, praised the 1975 decision requiring greater fuel efficiency.

"We effectively, over a five-year period of time, reduced demand for oil for transportation fuels by 2 to 3 million barrels a day," he said.

He noted that gasoline prices are much higher in Western Europe than in the United States and argued that the U.S. could alleviate its concerns about energy security only by attacking the problem from all directions.

"It's not only that we need to add to supply, but we need to reduce demand," he said. "We need to more efficiently utilize energy."